

December 23, 2009

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

RE: *Application of Verizon Northwest Inc., Verizon Communications Inc. and Frontier Communications Corporation for Consent to Transfer Control of Domestic Section 214 Authority*, WC Docket No. 09-95

Dear Ms. Dortch:

Frontier Communications Corporation (“Frontier”) and Verizon (collectively the “Applicants”) hereby request issuance of a second protective order in WC Docket No. 09-95 to provide heightened or “second level” protection of certain categories of highly sensitive competitive information that has been requested by the FCC in meetings with Applicants. In similar proceedings in recent years, the Commission has issued second protective orders to exclude other parties’ in-house counsel who are not involved in competitive decision-making from gaining access to highly confidential information:

[T]he Commission will . . . grant more limited access to those materials which, if released to competitors, would allow those competitors to gain a significant advantage in the marketplace.¹

¹ See, e.g., *Applications of Atlantic Tele-Network, Inc. and Cellco Partnership d/b/a Verizon Wireless; For Consent to Assign or Transfer Control of Licenses and Authorizations*, DA No. 09-2600, ¶ 5 (WTB Dec. 16, 2009); *Applications of AT&T Inc. and Cellco Partnership d/b/a Verizon Wireless For Consent to Assign or Transfer Control of Licenses and Authorizations and Modify a Spectrum Leasing Arrangement*, DA 09-2601, ¶ 6 (WTB Dec. 16, 2009); *Applications of AT&T Inc. and Centennial Communications Corp.; For Consent to Transfer Control of Licenses, Authorizations, and Spectrum Leasing Arrangements*, 24 FCC Rcd. 7182, ¶ 3 (WTB May 27, 2009) (“AT&T/Centennial Second Protective Order”); *AT&T Inc. & BellSouth Corp. Applications for Approval of Transfer of Control; Second Protective Order*, 21 FCC Rcd. 7282, ¶ 3 (WCB July 7, 2006) (“AT&T/BellSouth Second Protective Order”); *Verizon Communications Inc. & MCI, Inc. Applications for Approval of Transfer of Control; Order Adopting Second Protective Order*, 20 FCC Rcd. 10420, ¶ 3 (WCB May 25, 2005) (“Verizon/MCI Second Protective Order”); *Applications for the Transfer of Control of Licenses and Authorizations from Nextel Communications, Inc. and its Subsidiaries to Sprint Corp.; Order Adopting Second Protective Order*, 20 FCC Rcd. 9280, ¶ 3 (WTB May 20, 2005) (“Sprint/Nextel Second Protective Order”); *SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control; Order Adopting Second Protective Order*, 20 FCC Rcd. 8876, ¶ 3 (WCB May 9, 2005) (“SBC/AT&T Second Protective Order”); *News Corp., Gen. Motors Corp., and Hughes Elecs. Corp.; Order Concerning Second Protective Order*, 18 FCC Rcd. 15198 (MB July 22, 2003) (“News Corp./GM/Hughes Second Protective Order”); *EchoStar Comm’cns Corp., Gen. Motors Corp., and Hughes Elecs. Corp.; Order Adopting Second Protective Order*, 17 FCC Rcd. 7415 (MB Apr. 25, 2002) (“EchoStar/GM/Hughes Second Protective Order”).

Similar protections are warranted in this proceeding. As detailed below, the Commission's staff has requested information that meets this standard for second level confidentiality protection.

Financial Model: The Commission's staff has requested that Frontier provide its financial model used to evaluate the impact of the transaction on Frontier's revenues and cash flows.² This model contains holding company level financial information, as well separately stated information for the legacy Frontier operations and the operations being acquired from Verizon. The financial information includes projections for each of the years from 2009 through 2014 as to revenues, expenses, debt, capital expenditures, free cash flows and dividends. Among other things, competitors could use this information to discern the anticipated timing of Frontier's capital expenditure plans to deploy or upgrade broadband services for the territories it is acquiring, as well as for its legacy operations. Knowledge of the timing of these capital expenditures could permit a competitor to adjust the timing of its own investment or marketing plans so as to reduce or preempt Frontier's competitive opportunities. Vendors as well as labor unions could use the knowledge of Frontier's expected cash flows and investment plans to Frontier's detriment in contract negotiations. Moreover, the types of information sought, including as to projected revenues, expenses, cash flows and dividends, are highly market sensitive and not otherwise public.

Commission staff asked the parties to explain whether the model was shared with anyone within Verizon. Pursuant to the parties Joint Defense Agreement, Frontier has shared this data with in-house counsel at Verizon and limited other employees who provide regulatory support in concert with the attorneys. The model was produced in discovery in at least one state proceeding, subject to a state protective order, and was shared to help Frontier and Verizon respond to discovery and prepare for those hearings. Sharing of confidential and highly confidential materials pursuant to a Joint Defense Agreement between two companies that are trying to close a transaction is a common practice. The model has not been otherwise made publicly available. The data nonetheless merits second-level protection because Verizon will not be providing wireline local exchange service in the areas it is transferring to Frontier or in Frontier's legacy wireline service areas. Frontier's core business is facilities-based wireline local exchange service. Several of the other parties to this proceeding (e.g. TW Telecom, One Communications Corp., Integra Telecom, Inc., C Beyond, Inc., NTELOS of West Virginia, Inc., Kentucky DataLink, EarthLink, NewEdge Networks), provide competing wireline local exchange services, unlike post-transaction Verizon in the areas it is transferring. Disclosing this information to those competitors poses a much greater threat of competitive harm than does sharing with Verizon pursuant to a Joint Defense Agreement under which distribution of such information is limited to counsel and regulatory personnel with strict restrictions on use. Moreover, the CWA and IBEW, unlike Verizon, represent Frontier's and Verizon's unionized labor force, and thus are in a position to use the information in Frontier's model to inform negotiating strategies.

² The Applicants' description of this document is circumspect so as not to provide a roadmap revealing the nature of this confidential information.

Access Line Loss Numbers: The Commission has requested the Applicants provide, on a state-by-state basis, projections regarding access line loss in the Verizon territories subject to this transaction. Frontier is prepared to provide the Commission its projections for the territories it is acquiring from Verizon for 2009 through 2014. Because Frontier's operations in each state are fairly discrete, disclosure of this information could provide competitors in those states with information as to the timing of Frontier's capital expenditures and marketing efforts in those discrete parts of each state. The attached maps illustrate the extent to which Frontier's operations can be easily discerned from statewide statistics. In Arizona, for example, the areas to be acquired from Verizon are very limited and serve only approximately 6300 lines. In North and South Carolina, while Verizon serves many more lines, the areas are also highly distinct and identifiable. In West Virginia, although it is one of the larger areas Frontier is acquiring, Frontier's operations are not only identifiable, but because Frontier will serve nearly the entire state, marketing efforts are more likely to be regional, rather than highly localized. Under these varied circumstances, disclosure of the projected access line loss data would cause substantial harm to Frontier's competitive position by providing insight into the timing of Frontier's marketing and advertising strategies and its capital expenditures plans. This disclosure could allow a competitor to preempt or otherwise reduce Frontier's competitive opportunities by adjusting the timing of that competitor's own investment or marketing plans. Moreover, disclosure of some of these projections will necessarily reflect the contents of other data by implication. Thus, the entire set of these projections should be treated as highly confidential.

The Commission recently recognized that disclosure of statewide revenues for customers of a specific type (in that case CMRS) warranted second-level protection.³ Here, Frontier faces a similar competitive threat. Frontier has not hidden that it sees broadband deployment, including the marketing of packages that bundle broadband and other services, as the key to reducing churn. Here similarly the Commission should provide second-level protection for these statewide access line loss projections because they similarly reveal the timing of marketing plans for specific groups of customers.

Just as with Frontier's financial model, this data has also previously been shared with Verizon's in-house counsel and limited employees who provide regulatory support in concert with attorneys pursuant to the applicants' Joint Defense Agreement. However, for the same reasons as state above – specifically the adverse parties to this proceeding are in a position to cause greater and more immediate harm to Frontier in the event of misuse or disclosure – additional protection is nonetheless warranted.

³ *Applications of AT&T Inc. and Cellco Partnership d/b/a/ Verizon Wireless For Consent to Assign or Transfer Control of Licenses and Authorizations and Modify a Spectrum Leasing Arrangement*, DA No. 09-2601, ¶ 9 (WTB Dec. 16, 2009)

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In both these cases, the information the Applicants seek to guard through a second-level protective order would provide competitors and other third parties with a significant unfair and unwarranted advantage if they were to come to possess it and would harm Frontier's ability to compete and operate its business effectively. In similar past proceedings, the Commission has accorded such sensitive data the enhanced protection of a second-level protective order. Consistent with those precedents, the Commission should do so in this proceeding as well.

The Applicants therefore respectfully request that the Commission issue a second protective order along the lines discussed herein as soon as possible.

Respectfully submitted,

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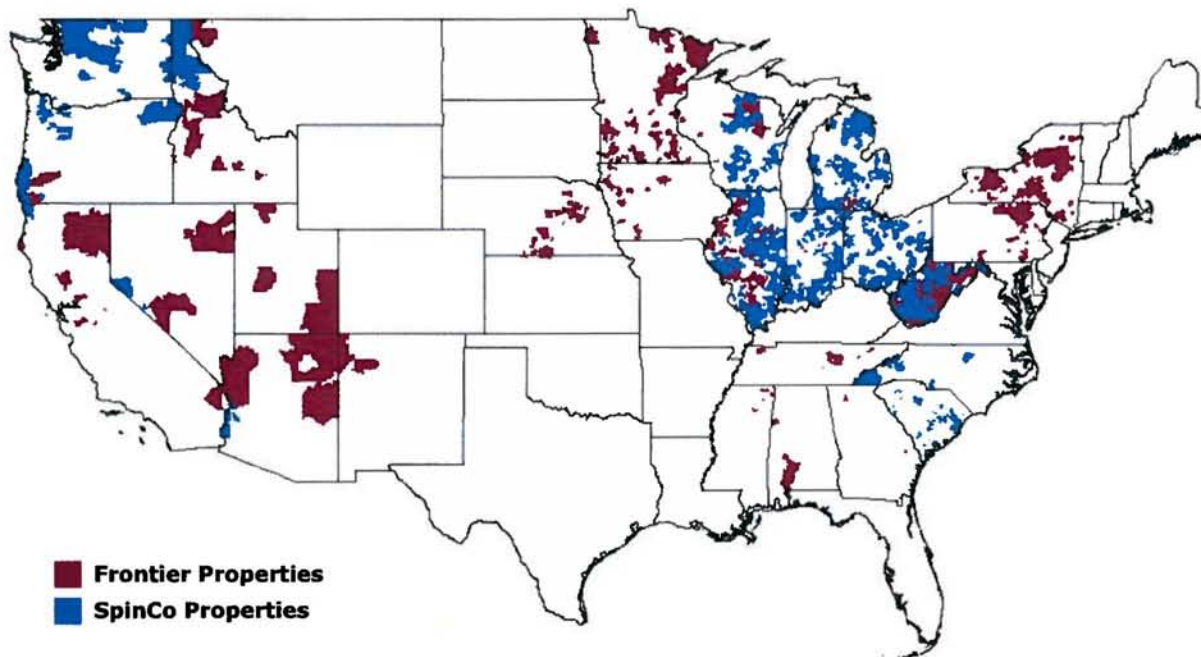
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Combined Company Snapshot



FY 2008 Key Metrics

	Frontier Standalone	Frontier Pro Forma
Revenue:	\$2.2B	\$6.5B
EBITDA ⁽¹⁾:	\$1.2B	\$3.1B
Ending Access Lines:	2.3M	7.0M
Number of States:	24	27

(1) Excludes synergies.

Pro Forma Access Lines By State

	Pro Forma Footprint	% of Total
West Virginia	761	10.8%
Indiana	723	10.2%
New York	684	9.7%
Illinois	671	9.5%
Ohio	635	9.0%
Washington*	578	8.2%
Michigan	526	7.5%
Pennsylvania	427	6.1%
Wisconsin	343	4.9%
Oregon	323	4.6%
North Carolina*	263	3.7%
Minnesota	211	3.0%
California	168	2.4%
Arizona	152	2.2%
Idaho	133	1.9%
South Carolina*	128	1.8%
Tennessee	79	1.1%
Nevada	60	0.8%
Iowa	45	0.6%
Nebraska	43	0.6%
Alabama	26	0.4%
Utah	22	0.3%
Georgia	19	0.3%
New Mexico	8	0.1%
Montana	8	0.1%
Mississippi	5	0.1%
Florida	4	0.1%
Total	7,045	

* New State for Frontier



TELEPHONE



INTERNET



TELEVISION



WIRELESS DATA



Combined Company Access Line Detail

As of 12/31/08

		Frontier	SpinCo	Combined
Common Properties	West Virginia	143,982	617,036	761,018
	Indiana	4,647	718,251	722,898
	Illinois	97,461	573,321	670,782
	Ohio	552	634,153	634,705
	Michigan	19,102	507,462	526,564
	Wisconsin	62,007	281,350	343,357
	Oregon	12,626	309,904	322,530
	California	143,871	24,205	168,076
	Arizona	145,241	6,297	151,538
	Idaho	20,035	113,002	133,037
	Nevada	23,701	35,989	59,690
		673,225	3,820,970	4,494,195
SpinCo Properties	Washington	-	578,506	578,506
	North Carolina	-	263,479	263,479
	South Carolina	-	127,718	127,718
		-	969,703	969,703
Frontier Properties	New York	683,880	-	683,880
	Pennsylvania	427,489	-	427,489
	Minnesota	210,983	-	210,983
	Tennessee	79,014	-	79,014
	Iowa	44,891	-	44,891
	Nebraska	43,106	-	43,106
	Alabama	25,980	-	25,980
	Utah	21,718	-	21,718
	Georgia	19,167	-	19,167
	New Mexico	8,001	-	8,001
	Montana	7,659	-	7,659
	Mississippi	5,474	-	5,474
	Florida	3,746	-	3,746
		1,581,108	-	1,581,108
		2,254,333	4,790,673	7,045,006



TELEPHONE



INTERNET



TELEVISION



WIRELESS DATA

